

Utah!

Travel Barometer Research and Planning Newsletter

Division of Travel Development

Utah's Travel Council

Winter, 2001

RURAL TOURISM IN UTAH

Tourism is a major source of economic vitality to the state of Utah. Many rural communities, in particular, rely on the economic benefits derived from tourism and travel-related activities. Currently, nearly 75% of all the economic benefits from tourism in Utah are localized in the five-county Salt Lake Metro area (including Salt Lake, Davis, Weber, Utah and Summit Counties). However, many rural counties are more dependent on benefits derived from tourist activity. Tourism presents an economic development alternative for communities that have experienced a decline in traditional agribusiness and natural extraction industries. Increasing the economic benefits from tourism to rural communities can represent an important part of a community's economic development strategy

Rural tourism appeals to travelers seeking some type of experiential tourism product such as touring, birding, nature tourism and cultural and heritage tourism. *While rural areas often serve as the backdrop for these types of natural resource and cultural/heritage activities, the rural stakeholders do not always derive direct financial benefits.* However, through careful tourism development and focused marketing strategies, rural areas can increase both the number of visitors and the amount of traveler spending.

BARRIERS TO RURAL TOURISM

A recent study by the Texas Department of Economic Development identified key barriers to increasing rural tourism in Texas: awareness, distance, amenities and weather. The research also suggested strategies to overcome those barriers, many of which also apply to rural Utah.

Awareness. The Texas research indicated that *awareness is the primary barrier to rural tourism.* Awareness of major urban areas was much higher than awareness of rural areas. A potential traveler's desire to visit an area was strongly linked to his or her awareness of the respective destination. Areas with high awareness were also the most desirable places to visit. Awareness continues to be a barrier to increased visitation throughout Utah, especially to rural areas. In 1998, 65% of all non-resident Utah visitors traveled to the greater Wasatch Front area (Ogden-SLC and Orem-Provo Metropolitan Statistical Areas). The remaining 35% traveled to rural areas of the state. Non-resident visitors often view Utah as part of the larger American West, characterized by both the Rocky Mountains and the desert southwest. Visitation is usually concentrated within

major urban centers and along major transportation corridors that connect those urban centers. Awareness of and travel to rural Utah is highest among residents of the state. For example, 60% of in-state travelers visited a rural destination in 1998 compared to 35% of non-resident travelers. Many regional visitors have some familiarity with rural Utah based on the geographic location of the state's national parks and other popular scenic attractions.

Distance. The Texas research project also identified a 3-5 hour drive time radius from which potential visitors would be willing to travel to rural destinations.

Utah's experience confirms those findings. Nearly 60% of all visits to rural Utah originated within 200 miles. Nearly 75% originated within 300 miles. While the majority of rural trips originated within the state, the top non-resident markets for travel to rural Utah were California, Nevada and Colorado. Each of the top non-resident markets offers easy access via Interstate highways and closer geographic proximity than other markets.

OVERCOMING BARRIERS TO RURAL TOURISM

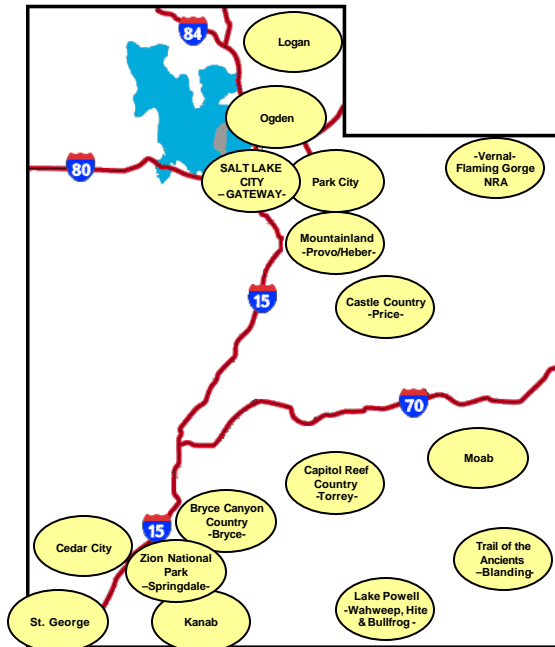
Link to Urban Center. To overcome the barriers of awareness and distance, the Texas research recommended that rural areas associate themselves with well-known urban centers in advertising and promotion, emphasizing both their proximity to the urban center and the unique vacation opportunities that would complement an urban trip. The research indicated that people who are interested in urban-based activities usually have other interests that are rural-based and vice versa. Therefore, a vacation trip that included both types

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of activities would appeal to the majority of potential visitors.

Suggested Itineraries & Packages. Providing a user-friendly choice of travel itineraries and/or packages and making that information widely available on the Internet and in other collateral materials would likely increase visitation to rural areas of the state. Developed independently, the Utah Destinations project implements such recommendations to increase rural tourism in Utah.



Utah! Destinations. The Utah Destinations project links destination clusters around the state of Utah with Salt Lake City – an increasingly high-profile gateway due to sustained economic growth and its choice as host of the 2002 Olympic Winter Games. *The objective of the project is to increase the awareness and visibility of the various destination clusters to increase the economic impact of tourism to these areas.* The project provides a shorthand description of each destination’s highlights – including attractions, weather information, accommodations, restaurant choices unique to the area and routing information. Content for each Destination summary is provided by the relevant county or travel region and is coordinated by Dwight Rimmasch, International Marketing Manager at the Utah Travel Council. These shorthand descriptions can be distributed on Internet websites and as printed material. Currently, sixteen destination clusters have been identified. By design, the Utah Destinations project provides a marketing template for the cluster areas to attract potential travelers who will spend time and money there. In addition, the project increases awareness of the respective Destinations by linking them with major icons

and with Salt Lake City – the state’s urban center that will become better known in the lead-up to and beyond the 2002 Olympic Winter Games.

Regional Branding. Another way for rural areas of the state to increase awareness for their region is to engage in what some marketers have termed “regional branding”. For example, several Indiana communities banded together in 1998 to create the “T.C. Steele Trail,” a trip along miles of back roads with stops at some of Steele’s favorite spots for setting up his easel (Steele was an impressionist artist over a century ago). Since 1998, several travel writers as well as tourists have taken the Steele tour, many of them overnighing at local bed and breakfasts. Rural communities that used to compete against one another for the same tourist dollar are now working together to create a unified theme to attract even more visitors. *The increased numbers of visitors stay longer, thus contributing more to the economic vitality of the community.*

Utah Heritage Highway. A Utah example of such a concept is the Utah Heritage Highway. The Utah Heritage Highway is Utah’s first tourist route dedicated solely to offering guests a quality Western heritage experience. The Highway runs parallel to Interstate 15 from Fairview to Kanab along U.S. Highway 89 and is divided into five sections (Little Denmark, Sevier Valley, Headwaters, Under the Rim and Boulder Loop). *Each section offers a unique combination of art galleries and artisan studios, heritage lodging, western adventures, historic sites, celebrations, antiques and indigenous foods.* While results from the Highways first year are not yet available, business owners and local tourism officials are optimistic for the program’s future.

Rural tourism development allows communities to share their history, culture and geographical uniqueness with potential visitors. The economic benefits of such development can be significant to local stakeholders, including more jobs, increased incomes, additional business profits and greater tax revenues. However, broad community involvement and support are essential to the development of any tourism product. Planning should also play a major part of tourism development. Communities should conduct regular inventories of sites and resources and develop both a marketing plan and a strategic plan that addresses short term objectives and long range goals. Additionally, by taking advantage of innovative marketing programs such as the Utah Destinations project and the Heritage Highway, rural communities can leverage their resources to maximize potential returns from tourism development.

Jon Kemp, Research Coordinator, Dwight Rimmasch, International Marketing Manager, and Gina Stucki, Assistant Director over External Programs collaborated on this article

Top Issues and Trends in the Tourism Industry
(Taken from presentations delivered during TIA's 2000 Marketing Outlook Forum)

1. **Rising Expectations:** Travel now competes with other lifestyle choices for entertainment. Destinations and attractions must be fresh, innovative, exciting, creative, and still be cost conscious and offer value-added products. Technology has empowered the consumer with information and is the driving force behind personalization and customization.
2. **Consolidation & Alliances:** Airlines, travel agencies and other travel professionals continue to consolidate and form alliances with the mindset that bigger is better. But there are always opportunities for little guys to thrive based on the ability to be flexible and adaptive to the needs of a specific target audience.
3. **Diversification:** Non-traditional activities (birding, mountain biking, cruises, etc.) are on the rise, including activities within outdoor recreation, nature-based and cultural and heritage travel segments. Consumers rather than suppliers increasingly determine product offerings and build customized itineraries based on specific tastes and preferences.
4. **Leisure Mindset:** Travelers continue to shorten their leisure trips. Many never completely leave their home or office, remaining "wired" via cell phones, pagers, email, laptops and PDA's.
5. **International Markets:** Growth potential is highest among international travelers, but U.S. destinations must compete with emerging destinations in Africa, Asia and South America. Deregulation, new aircraft and the emergence of regional carriers has increased competition and opened up new routes. Many of the new routes to the U.S. focus on more complete service to the west (Las Vegas, Denver, Phoenix, San Diego, Salt Lake City).

THE YEAR IN REVIEW: 2000'S ROLLER COASTER RIDE

Utah's tourism and travel industry experienced its ups and downs during 2000. While the preliminary estimates show a decline in the number of tourist arrivals to the state, the indicators for tourism related employment and spending remain positive, showing some growth in the industry. This performance reflects the health and resiliency of the travel and tourism industry. Despite significant external shocks, the tourism industry continued to generate increasing economic returns to the state. Consumer optimism and robust spending likely offset the negative effects of external shocks on the industry. Consider the following factors:

Positive Growth Factors

- Continued growth in the U.S. economy
- Real income gains
- Positive wage growth
- Strong consumer confidence
- Low unemployment
- Record-breaking numbers of travelers
- Continued infrastructure investment in highways, accommodations and resorts
- Excess supply creating value-added opportunities

Negative Growth Factors

- Lower than average snowfall
- Concerns over potential Y2K problems
- Rising energy prices
- A strong dollar
- Concerns over inflation
- Rising interest rates
- High summer temperatures and drought conditions
- Fires in many western states
- Airline labor disputes
- Excess capacity of hotel rooms
- Uncertainty in the stock market
- Election-year anticipation



Did you know ... Utah recently regained its standing as the state that consumes more Jell-O than any other? Comedian and long-time Jell-O Spokesman, Bill Cosby was on hand in the Utah Legislature January 31, 2001, to restore Utah's Jell-O loving reputation, which was briefly tarnished by increased consumption of the gelatin dessert in the state Cosby also commended Utahns for their commitment to their children and to strong family values.

2001 OUTLOOK – GUARDED OPTIMISM FOR A RECORD YEAR



The economic fundamentals, including forecasted real GDP growth, further wage increases, controlled inflation and low unemployment bode well for tourism's future prospects. However, declining consumer confidence and subsequent consumer spending amidst fears of an economic downturn may temper tourism's growth. Nonetheless, the local forecast is more optimistic due to Olympic preparations and publicity, significant capacity expansion and growth in Utah's core travel markets. Forecasters highlight the following positive and negative growth factors for 2001.

Positive Growth Factors

- Completion of Olympic venues and subsequent hosting of test events in preparation for 2002
- Increased media attention related to preparations for and hosting of the 2002 Winter Olympics
- Significant progress and completion of major infrastructure projects such as I-15, TRAX and ski resort improvements
- Moderating oil prices, declining interest rates and a possible tax cut
- More favorable exchange rates
- Improving international economies, notably in Western Europe and Japan
- Growth in Utah's core market segments, including adventure travel, "back-to-nature" tourism and family travel
- Continued interest in the American West, including western heritage, Native American heritage and other historic and pre-historic sites
- Continued growth of the LDS Church with the addition of the Conference Center and the Main Street Plaza to church headquarter buildings and other church-related sites
- Increased convention space and an excess capacity of hotel rooms, especially in the Salt Lake market

Negative Growth Factors

- Perceptions that Utah is "closed for business," "under construction" or "very expensive" due to Olympic preparations
- A national or regional economic slowdown that is accompanied by lower consumer confidence and less consumer spending
- Reduced discretionary income due to the rising costs of natural gas and electricity, especially in the West
- Additional external shocks, such as sustained high energy prices, higher interest rates, inflationary pressures or setbacks in stock market valuation and new investment
- International economic fluctuations including slow growth and unfavorable exchange rates in Canada, Western Europe and Japan
- Prolonged airline labor disputes
- Reduced seat capacity coincident with increased airfare prices to Salt Lake International Airport
- Inability to meet the rising expectations of destination travelers in terms of quality service, convenience and availability of amenities
- Natural conditions such as fires or inclement weather



Hill and Knowlton Chosen to Promote the Utah! Brand World-Wide

The Utah Division of Travel Development (Utah Travel Council) has hired a global public relations firm to promote tourism to Utah nationally and internationally.

The division chose New York City-based Hill and Knowlton through an extensive selection process. Established in 1927, Hill and Knowlton is a leading international public relations firm with 69 offices in 34 countries.

"Hill and Knowlton brings expertise in travel and tourism communications, strategic partnerships and Olympics marketing," says Dean Reeder, director of the division. "The firm's marketing communications campaign will promote Utah as a desirable four-season destination for relaxation, rejuvenation and discovery."

"Hill and Knowlton has a long-standing reputation for producing results," adds Gina Stucki, assistant director of the division. "We want this marketing communications campaign to increase both awareness of Utah and visitation throughout the state as a legacy of the 2002 Olympic Winter Games."

Hill and Knowlton will focus on media relations and strategic partnerships to brand Utah as a unique vacation experience. "Many people recognize the visual symbols of Utah's national parks and other unique landscapes, but don't associate them with Utah," says Janet Bartucci, marketing group leader for the New York office. "Combining our global tourism

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experience and our Olympic relationships, Hill and Knowlton can execute a campaign that sets Utah apart from other travel destinations."

In 2000, 17.8 million out-of-state visitors came to Utah to visit the state's five national parks, 44 state parks, historic sites and other destinations, contributing \$4.25 billion to the state's economy. More than 96% of Utah's non-resident visitors are from the United States, primarily from the west. International visitors account for less than 4% of total non-resident visitation, according to the division's research.



On The Web ...



Check UTC's Government Web Site, www.dced.state.ut.us/travel, for information on the Division's Marketing Plan, Current Visitor Publications, 2000 Tourism Statistics At A Glance, Utah Visitor Profiles, State and County Economic Travel Indicator Profiles, Research Series Publications, and Links to many sources of research information on Tourism in Utah, the USA and the World.

Visit www.utahmediacenter.org to become familiar with the operations of the Utah Media Center and plans for marketing Utah before, during, and after the 2002 Olympic Winter Games.



Utah! Travel Barometer

A Publication of The Utah Division of
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2000 Year-End Tourism Statistics

Category	2000	1999	% Change
Travelers to Utah	17.8 Million	18.2 Million	-2.2%
Number of U.S. Visits	17.1 Million	17.5 Million	-2.8%
Number of Int'l. Visits	750,000	700,000	0.7%
Traveler Spending in Utah	\$4.25 Billion	\$4.0 Billion	1.0%
Tax Revenues from Travelers	\$340 Million	\$336 Million	1.0%
Travel-Related Employment	121,500	119,500	1.7%
Direct Employment	68,000	67,000	1.5%
Indirect Employment	53,500	52,500	1.9%
Statewide Performance Numbers*	2000	1999	% Change
Salt Lake Int'l. Airport Passengers	19.9 Million	19.9 Million	-0.2%
Traffic Count at Interstate Boarders	21.2 Million	20.7 Million	2.5%
National Park Recreation Visits	5.3 Million	5.5 Million	-3.5%
National Mon. & Rec. Area Visits	5.6 Million	6.4 Million	-12.0%
State Park Visits	6.6 Million	6.8 Million	-3.1%
Skier Days (1999/2000 Season)	3.0 Million	3.1 Million	-5.3%
Welcome Center Visits	732,000	733,000	-0.2%
Internet Visits to Utah.com	2.4 Million	2.0 Million	17.2%
Travel Guide Mail Fulfillment	62,100	61,500	1.0%
Hotel/Motel Occupancy Rate	60.9%	61.6%	-0.7%

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Return Service Requested

2000 4th Quarter and Year-End Visitor Statistics

Segments	Oct	Nov	Dec	2000 Final	1999 Final	Change
S.L. Int'l Airport Passengers	1,574,436	1,494,694	1,545,740	19,900,770	19,944,556	-0.2%
National Park Recreation Visits	480,446	187,712	98,513	5,332,266	5,527,478	-3.5%
Nat'l. Monuments/Recreation Areas	342,953	112,157	68,906	5,645,913	6,414,312	-12.0%
Utah State Parks	408,614	200,132	188,441	6,555,299	6,768,016	-3.1%
Utah Welcome Centers	48,373	26,355	23,842	731,763	733,165	-0.2%
Hotel/Motel Occupancy Rates	57.9%	49.3%	46.7%	60.9%	61.6%	-0.7 points